

# SHANE & REISNER, LLP

142 North Barry Street  
Olean, New York 14760  
Phone (716) 375-4213 - FAX (716) 375-4214\*\*

ATTORNEYS:

Jeffrey P. Reisner, Esq.\*

John M. Coyle, Esq.

E-Mail: [jreisner@shaneandreisner.com](mailto:jreisner@shaneandreisner.com)

E-Mail: [jmcoyle@shaneandreisner.com](mailto:jmcoyle@shaneandreisner.com)

\* Also admitted in PA

\*\*Fax not for service of process

June 20, 2014

Lisa C. McManus, Esq.  
616 Sherry Road  
St. Marys, PA 15857-3436

Re: **In the Matter of: UIC-AO-94-1**  
**Request for Information: SDWA-UIC-IR-14-015**  
**BDH Oil, Inc./Nichols Run Minerals, LLC - Lease, NYU118281**  
**Our File No.: 2014-01132**

Dear Ms. McManus:

Please be advised that I represent BDH Oil, Inc. in connection with an issue which has arisen involving the United States Environmental Protection Agency (EPA) and the property in which our respective clients have a mutual interest on Nichols Run Road, in the Town of Carrollton, New York.

I have enclosed a copy of correspondence from Chris Hauser, who I understand to be prior counsel to Nichols Run Minerals terminating my clients access to the lease at issue.

At the request of the EPA, I am writing to formally request that my clients be permitted to access said property for the purpose of engaging in plugging operations. Additionally, I would submit that your client and/or Snyder Brothers, Inc., at this juncture bear equal, if not greater responsibility for the plugging of these wells given the way of how the events have unfolded in the past.

If you could kindly contact me to discuss a potentially mutually agreeable solution to what appears to be the necessary plugging of approximately 100 wells on this lease, it would be greatly appreciated.

Please be advised that we have a conference call on this matter scheduled with the EPA and Department of Justice for July 10, 2014. Accordingly, if we could speak before that date, it would be greatly appreciated.

Very truly yours,

SHANE & REISNER, LLP



Jeffrey P. Reisner, Esq.

JPR/cre

cc: Mr. Joseph Bucher  
Mr. Thomas H. Defibaugh  
✓ Kim Kramer, Assistant Regional Counsel, EPA

**CHRISTOPHER G. HAUSER**

*Attorney-at-Law*

78 Main Street, 4th Floor

Bradford, PA 16701

Phone: 814 362-5519

Fax: 814 362-8113

Email: chauser@atlanticbb.net

*\*Also a member of the New York Bar*

January 12, 2011

Mr. Tom Defibaugh  
BDH Oil, Inc.  
580 Interstate Parkway  
Bradford, PA 16701

**Re: Nichols Run**

Dear Tom:

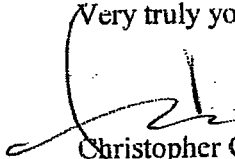
I write to you in your capacity as owner/representative of BDH Oil, Inc. The origins of BDH's Nichols Run lease is a January 20, 1953 Agreement by and between Mabelle D. Mallory et al. and Harry W. Patterson and Arthur C. Simmons. A copy of this Agreement is enclosed.

It has been brought to my attention that BDH has not paid production taxes it owes to Cattaraugus County, New York, that the amount due is substantial and that BDH is unable to pay these taxes at the present time. BDH's failure to pay these taxes constitutes a breach of the 1953 Agreement. See, ARTICLE EIGHT, Section 4 requiring the payment of said taxes. Pursuant to ARTICLE NINE, Section 1 of the Agreement, the Lessors have the right to terminate the Agreement in the event the Lessee fails to cure such breach within two (2) months after notice of such breach. You received notice from Cattaraugus County on or about October 5, 2010 of BDH's non-payment of production related taxes.

Because you did not pay the taxes required to be paid by you by December 6, 2010 (cure the breach), Mabelle D. Mallory et al. now doing business as Nichols Run Minerals, LLC does hereby terminate the 1953 Agreement effective as of December 31, 2010.

Nichols Run Minerals, LLC intends to enter into a new agreement with Snyder Brothers for the operation and development of the Nichols Run property. I believe Snyder Brothers may have an interest in purchasing your equipment and you are encouraged to contact Bryan.

Very truly yours,

  
Christopher G. Hauser

CGH:clm

Enclosure

cc: Robert P. Habgood, III

Bryan Snyder, Snyder Brothers

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